

**Twelve
Keys
To
Successful
Investing**

**Branded
Enrichment
Reports**

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12 Keys To Successful Investing

Here's a summary of some of the keys to successful investing:

- 1. Make Decisions**

It's important to take advice from other sources, but ultimately only you can take the decisions about your investments. Advisers push barrows of many sorts. There's nothing wrong with that, so long as you know what type of barrow they're pushing and what you want.

- 2. Educate Yourself**

In the land of the blind, the one-eyed man is king. Read as much as you can from as many different sources but never let it become a chore or you'll lose interest.

3. **Stay Informed**

Things can change surprisingly quickly and if you don't stay informed, you can be caught out.

4. **Let Time Work For You**

Save and invest regularly and let compound interest do its work. You won't make million overnight but given time, you will do well. Remember patience is a virtue.

5. **Manage Risk By Diversifying**

Spread the risk by having different types of investments.

6. **Invest In Quality**

Blue chips shares should be the centerpiece of your share portfolio with a smaller selection of growth stocks. Keep some money aside for speculative stocks because it's fun, but only an amount you can afford to lose.

12 Keys To Successful Investing.

7. **Don't Be A Lemming**

The contrarian view of investing states that you should watch what the herd does and then do the opposite. It can be very successful, but be careful maybe the herd is heading in a particular direction because it's the right way to go.

8. **Watch The Clock**

The economic clock can give you a good idea of where we are in the economic cycle and how you should adjust your investment strategy accordingly. Refer to it regularly.

9. **Timing Isn't Everything, But It Is Important**

It's very difficult to pick the time to get in an out of a stock but often the time at which you buy or sell will have a big impact on your

success. Although time in the market is more important than timing, pay attention to what's happening not just to your companies, but the market generally.

10. Take Your Profits, Cut Your Losses

It's tempting to sit and wait for your shares to go higher, but if you've made a reasonable profit there's nothing wrong with taking the money. Greed will cost you in the end. Similarly, if a share is heading down, don't be afraid to cut your losses. When investing for the long term, you should be acting on the buy and hold approach-buying on weakness in the share price and holding over the longer term.

11. Don't Let Tax Drive All Your Decisions

Consider the tax implications of an investment, but don't let it be the major determinant. An investment should stand on its own without the assistance of tax breaks, useful as they may be.

12. Form A Relationship With A Financial Planner You Trust

Having a trustworthy financial adviser will give you continuity and a regular personal contact to discuss matters

Planning For Retirement Checklist

It is everyone's ambition to enjoy retirement. Retirement should be long, relaxing and enjoyable. But like most good things in life it is best not to leave it to chance. You have to plan diligently and work hard for success in any field. Begin that process now. Consider these things.

- Get physically prepared for retirement
- Start talking to your spouse now about what to expect from retirement
- Consolidate your relationships
- Become health conscious in the areas of diet and fitness
- Work hard at income tax saving measures before retirement
- Become budget conscious now
- Learn to understand Social security and pension arrangements
- Make contact with and get to trust a good financial planner
- Plan wills, executors, bequests and beneficiaries
- Consider estate equalisation
- Check the ownership and exact amount of your life insurance
- Resolve the "Big Lump Sum" syndrome

- Explore the options on income producing, tax effective investments
- Place a fair proportion of funds in capital secure or capital stable funds
- Be ready for inflation
- Complete all major house renovations and repairs
- Plan exactly when you will retire
- Resolve management succession on the family farm or family business
- Learn to relax
- Choose your hobbies and leisure time activities
- Discover the costs associated with dying
- Plan your holidays and travel
- Consolidate your property insurances
- Make sure you have a reliable car
- Arrange the correct power of attorney
- Discover the importance of old friendships
- Develop the capacity to form new friendships
- Put property ownership in the correct form
- Consolidate relationships with your accountant, solicitor & financial planner

Superannuation Strategy Directions

1. Consolidate your funds

- ◆ Too many people have bits and pieces everywhere (fees and charges)
- ◆ Favourable tax treatment
- ◆ Multiple life covers

2. Asset Classes – Choices/correct

- ◆ Are you investing in the right asset classes – investment time horizon?
- ◆ Consider risk versus return

3. Have you received all your employer contributions or entitlements?

- ◆ Employers can make incorrect contributions

- ◆ % of employees gross salary should be noted regularly
- ◆ Employer has 28 days from end of financial year to contribute

4. Tax effective contributions

- ◆ Are you contributing as tax effectively as possible?
- ◆ Salary sacrifice benefits employees and employers
- ◆ Remember RBL's

5. Level of contributions

- ◆ Are you making enough contributions?
- ◆ 75% pre retirement – 15% contributions through your working life
- ◆ Is your spouse contributing?
- ◆ Assets out side super
- ◆ Remember any preservation and tax rules

Superannuation Strategy Directions

6. Spouse contribution

- ◆ Can you make a spouse contribution
- ◆ Benefits of income splitting in retirement
- ◆ Maybe more beneficial than the primary earner
- ◆ Remember the rules – income less than thresholds

7. Self employed

- ◆ If you're self employed make a contribution
- ◆ Early dollar's best dollars
- ◆ Make it regular – monthly, yearly, not just when it suits
- ◆ Remember the deductible rules

8. Minimise surcharge

- ◆ Salary Packaging your income is an opportunity.
- ◆ With legitimate tax deductions
- ◆ Minimise investment income and direct it to spouse/children

9. Insurance component

- ◆ Are you doubling up on life insurance and its cost
- ◆ Benefits of group life cover
- ◆ But don't leave yourself exposed or under insured
- ◆ Will you need life cover after you cash your super?

10. Advice

- ◆ Have you sought advice
- ◆ Sharing of super ideas with peers
- ◆ Do you get regular advice?

Common Estate Planning Mistakes

Not Keeping Your Will Up To Date

Review your will when circumstances change, such as when there is a birth or death in the family, a marriage or divorce, or when you establish a family trust, take out a major loan, or buy or sell assets. There are plenty of cases of possessions being bequeathed that had actually been sold long before, leaving the supposed beneficiaries with nothing.

Not Providing For Dependents

Dependants who are not adequately provided for can contest a will. The term 'providing for' is relative to the size of your estate, the degree of dependence on you, and consideration of others to whom you have responsibility. In most states a divorced spouse is automatically disinherited. However, if your ex-spouse is financially dependent on you, you should make a provision for him or her in your will. Otherwise they may have a right to claim on your estate, and are likely to be successful.

Appointing Unsuitable Executors

Take care when appointing your executor(s). It is advisable to avoid appointing someone as executor who might have a conflict of interest (such as a business partner who might wish to buy your share of the business). Nor is it wise to appoint executors whom you suspect will be in conflict on the administration of your estate, people who might

die before you, people who may not be capable of carrying out the duties of an executor adequately because of lack of financial expertise or knowledge, or people who may not have the time because of their own business or family pressures.

Bequeathing Assets Not “Owned”

This might sound impossible, but you’d be surprised how often it happens. The problem usually occurs when some assets are held by a family trust, a company, business, or partnership. A person can only leave assets directly owned by them.

Common Estate Planning Mistakes

Leaving Some One Out

If you want to leave someone out of your will, you should say so in the will. This will not preclude that person from lodging a claim but it means that they cannot argue that they have simply been forgotten. Many people assume that as long as a person is bequeathed something, no matter how small, they cannot contest the will because it is obvious that they were not forgotten.

Being Ambiguous

If your intentions are not totally clear. If those intentions can be interpreted in more than one way - you’re leaving your estate open to disputation. This is a very common mistake and a good reason why it is best to have your will drafted by a professional.

Not Specifying Debts To Be Paid

If you do not specify that debts are to be paid out before distribution of your assets, your beneficiaries might inherit your debt. A parent left one child life insurance proceeds of \$400,000 and the other an investment portfolio also worth \$400,000. On the surface it was an equal distribution, but the investment portfolio had borrowings of \$100,000; thus the second child actually received only \$300,000.

Not Taking Tax Into Account

Most people don't realise that tax might be payable on an inheritance. Example: A mother left one child the family home worth \$290,000, the other child was bequeathed the holiday home worth about the same. However, the family home was tax-free, the holiday home was subject to capital gains tax. So the second child ended up with \$55,000 capital gains tax bill on the sale of the holiday home.

Not Empowering Executors

Make sure you give your executors the necessary and specific power to carry out your wishes easily. Otherwise your executors may have to make costly court applications to get approvals for commonsense matters, which will end up reducing the size of your estate.

Common Estate Planning Mistakes

Writing An Informal Will

Don't write lists or letters instructing how you want your assets distributed, when those notes are not part of your will, no intended to supersede it. Many people do this. Anything that looks like an 'informal' will may be treated as a will. This can create extra delays, anxiety and expense

Not Nominating Guardians

If you have young children you should nominate who you would like to look after them should anything happen to you. Of course, you should check with that person first to make sure they're comfortable with that arrangement. If you do not nominate a guardian, it will be left to others, possibly the courts to decide.

Using Beneficiaries As Witnesses.

Don't use beneficiaries or their spouses to witness your will. Any gifts to them will be invalidated and they will not be entitled to any part of your estate. The disinherited beneficiary would then need to rely on the generosity of the other beneficiaries or, in some particular instances, take the problem to court, again causing costs to the estate and delays in execution.

Not Telling People Where The Will Is

This is probably the most common mistake. Make sure your executors, plus at least one beneficiary know where your will is stored. There are many occasions that a will is discovered well after the estate has been distributed.

Not Keeping Up To Date With New Laws.

Laws relating to inheritance, estates and individual rights can change dramatically. Legal precedents are being set in all sorts of areas that can affect wills bequests and charities. You should review your will and inheritance plans on a regular basis with the appropriate professionals.

Budget For A Better Year

Reassess Your Credit Cards. Assess how much interest you are paying and consider ways to consolidate your outstanding balances into lower interest options, perhaps a personal loan, mortgage top-up or shopping around for a lower interest rate credit card.

Prepare A Budget. Sit down and work out your fixed monthly commitments: rent, mortgage, electricity, insurance and any other bills and how much is left over for discretionary spending.

Pinpoint Simple Ways To Reduce Your Weekly Spending – for example, use your mobile sparingly, buy a cappuccino a day instead of three.

Start A Savings Plan. Try to save at least 10 per cent of your gross income. Put your gold coins in a special place.

Work Out What Your Goals Are – children, education, overseas holiday, car – and review financial products on offer that best meet your needs depending on your investment timeframe, for example cash management trusts, bonus saver accounts or insurance bonds.

Pull Together Your Superannuation. Streamline your superannuation money into one or a couple of accounts and revisit how your funds are invested – are they in keeping with your risk profile?

A financial adviser can help you sort this out. Also, find out if you have any lost super money by contacting previous employers, visiting the Australian Tax Office's register of lost members (www.ato.com.au) or getting a fund manager like Zurich to search on your behalf.

Do Your Tax Return. If you haven't completed the current tax return, go and see your tax agent now. You then have until March 2002 to lodge it.

Review Your Insurances. Re-evaluate the value and terms of all your insurance policies – house, contents, car, life, health – to make sure they meet your current needs. For example, if you are planning to have a baby, you might need to upgrade your health insurance. Or if you have young children, work out if you and your partner have adequate life cover. Then shop around to find out whether you could reduce your premiums, perhaps by consolidating several policies with one insurer.

Budget For A Better Year

Revisit Your Will. If you do not have a will, make one now. And if your life circumstances have recently changed – you have bought a new home, got married/divorced, had another baby – revise your will accordingly and be sure to nominate a guardian for your children. Also, consider giving someone you can trust an enduring power of attorney, to look after your finances in case you become temporarily or permanently incapacitated.

Weed Out Your Financial Records. If you have a lifetime of financial records chaotically dumped in a drawer, chances are you'll never be able to get your hands on the one you need in a hurry.

Generally speaking things to keep include homeowner/tenancy papers, insurance policies, health fund receipts, tax return records (past five years), employment contracts, superannuation records, bank/credit card statements, recent bill receipts, and investment/loan statements. File these for easy access and throw out anything you don't really need.

Get A Financial Education. A little financial know-how can go a long way to helping you realise your dreams. And there are lots of free/inexpensive ways to educate your self such as visiting the websites of most banks and fund managers, which contain a large education

component for would be investors, or attending an Australian Stock Exchange lecture.

Make The Tough Decisions. Progress is about making choices and getting on up the road of life. Put a time frame on what has to be decided.

Common Business Traps And Mistakes

1. Getting Wedded To an Idea And Sticking With It Too Long.

Don't marry a single idea. Remember, ideas are the currency of entrepreneurs. Play with many ideas and see which ones bring money and success.

2. No Marketing Plan.

A marketing plan creates the kind of attention you need to get in front of the right types of people, companies, etc. It is what attracts people to you! There may be as many as 25 ways to market your business at no or low cost. A good marketing plan implemented effectively, efficiently, elegantly and consistently, will eliminate the need for "cold calls!"

3. Not Knowing Your Customers

Changes in your customers' preferences and your competitors' products and services can leave you in the dust unless you get to know your customers well, what they want now and will likely want in the future, what their buying patterns are, and how you can be a resource for them even if you don't have the right products or services for them now!

4. Ignoring Your Cash Position.

The world (aka customers) doesn't respond to even superior products in the timeframe that you think they should. You'll need plenty of cash to sustain yourself in the meantime. (See below for how to forecast your cash needs and protect yourself from cash crisis situations).

5. Ignoring Employees.

Motivating, coaching and managing your staff is probably one of your toughest challenges as an entrepreneur/business owner today! Without your patience, persistence and “people skills,” your problems can multiply quickly. Morale, productivity and PROFITS can easily be destroyed! (See below for how to get your employees’ full commitment to job performance).

Common Business Traps And Mistakes

6. Confusing Likelihood With Reality.

The successful entrepreneur lives in a world of likelihood but spends money in the world of reality.

7. No Sales Plan.

Without a sales plan, there’s no serious way to gage the financial growth and progress of your business. You need a realistic map for where the sales will come from, how they’ll come and from whom.

8. Being A Lone Ranger.

You might be the key to everything BUT you cannot DO everything and grow at the same time. Even modest success can overwhelm you unless you hire the right staff and delegate responsibility.

9. No Mastermind.

Get an advisory board or a mentor! Sounds crazy for a small operation? It’s not! The board can be family members that you trust, or friends. Ask them to be your board of directors and review your business plans and results with them. Having someone to bounce ideas off and get an objective opinion is critical.

10. Giving Up.

Some of the most successful entrepreneurs failed several times before doing extremely well. So, if you’re failing, fail. And fail fast. And learn. And try again, with this new wisdom. Do NOT give up. Yet, do not suffer, either.

11.No Analysis

It is just as important to understand why you fail as why you succeed.
Take the time to analyse on a regular basis

Power Of Attorney Questions

1. Is a Power Of Attorney the same as a will?

No, a power of attorney is a legal document that lets you appoint someone to do certain things for you. E.g. If you're travelling overseas, you could allow someone a power of attorney to manage things while you are away. It's automatically revoked if you die. A will simply states what you want done with your property and possessions after you death.

2. Should I see a solicitor?

You don't need to see a solicitor to complete a power of attorney. However, if your circumstances are complex or you are unsure of certain matters, you should consider expert advice.

3. Do I have to register my power of attorney?

In most states you do not need to register a power of attorney unless it is to be used for real estate transactions.

4. Do I need a solicitor to witness my power of attorney?

This depends on which state you are in and whether you have a general power of attorney or enduring power of attorney.

5. Are powers of attorney the same in every state?

No state laws regulate powers of attorney. If you move interstate you will need a new power of attorney that's applicable to that state. You should have a power of attorney in the state where your assets are held.

6. Do spouses/partners require separate power of attorney documents?

Yes. Both spouses/partners must have their own power of attorney document.

Power Of Attorney Questions

7. Can I appoint more than one attorney?

Yes, and it's a good idea if you don't fully trust the judgement of just one person. But the more attorneys you appoint, the more likely there could be a disagreement between attorneys on a decision. Some state/territory laws allow you to decide whether or not your attorneys must make decisions "jointly" – meaning both attorneys have to agree on the decision they make rather than "Jointly and severally" where either attorney can make a decision by themselves.

8. Who keeps the power of attorney?

Keep the document in a safe place. And give a photocopy to the attorney. You must write on the copy: "I [name], the donor of this power of attorney, certify that this is a true and complete copy of the original" and then sign and date it. You should advise important contacts such as your bank, accountant and financial planner.

9. What do I do if I think a power of attorney is being abused?

Get legal advice immediately. Under certain circumstances and in some states, a court/tribunal can cancel an enduring power of attorney.

10. How do I cancel it?

First check the requirements in each state/territory. In most cases it is as simple as writing to your attorney to tell them you are revoking the power of attorney. Destroy all copies, including you attorney's and advise any banks or other bodies that have dealt with the attorney. If you have registered a power of attorney, you should also have a written document revoking it, pay stamp duty on it, and register it at the Land Titles Office. A lodgment fee of around \$60 can apply.

All Powers Of Attorney automatically expire when you die, if you cancel it, become bankrupt, or an appropriate court/tribunal cancels it.

How Will You Accumulate Your Fortune?

Saving In A Bank

Saving In A Cash Management Trust

Investing In Shares

Investing In Warrants, Derivatives or Options

Investing In Commercial Property

Investing In Residential Property

Investing In Retirement Property

Investing In Holiday Property

Investing In Currencies

Investing In Commodities

Investing In Art/Collectibles/Curios

Investing In Superannuation

Heavily Insuring Yourself

Building A Business Of Your Own

Buying A Business

Gambling

Developing Your Own Intellectual Property Through An Inheritance Marrying Into It

10 Easy Strategies For Wealth Protection

There are some things we have little or no control over. Things like serious injury, unexpected sickness, an accident induced disablement or premature death can upset even the best-laid plans.

So Consider The Following Long And Hard. Contemplate Your Alternatives Now, Not When The Unexpected Happens

1. Define What's Essential For You & Your Family NOW

Cover your major debts, expenses and cost of living lump sums NOW

2. Define What Is Important For You And Your Family In The Future

Have you made promises on education, lifestyle or retirement that need contingency cash planning if the unexpected happens?

3. Build Flexibility And Guarantees Into Your Wealth Protection Plan

Take into account long service leave, holiday pay, bonuses and existing death and disability cover in your super

4. Don't Cut Corners Or Take The Least Expensive Plans

Don't settle for second best. Demand the best if you are sick or disabled. You will want the best for yourself won't you?

5. Talk To A Professional Who Specialises In This Field

Have a full and frank discussion with an accredited risk adviser who deals in these issues as the major part of their profession. Demand the best advice from someone who does this for a living, not as a sideline.

6. Budget For The Investment

Be prepared to pay and budget for your plans. Second best is second rate.

10 Easy Strategies For Wealth Protection

7. Regularly Review Your Plan

Every 12 months review your plans. Take the time to sit down with you risk specialist and find out the changes to any of your wealth protection plan components

8. Take Into Account Event Changes In The Future

Marriage, divorce, births, deaths, education requirements, career change, home change over, windfalls, inflation, capital growth and inheritances all affect what we require in wealth protection

9. Don't Let A Temporary Loss Of Your Income Do Permanent Damage To Your Financial Plan

Know your immediate entitlements covered by sick pay, long service leave, maternity/paternity leave and other cash or kind entitlements

10. Be Fully Prepared For The Unexpected

Have a ready cash fund or access to good credit facilities if the unexpected happens

11. Make Sure Your Family Has The Best Even If You Are Not Around

Review your commitments to “good debt” and “bad debt” for your family if you were not there to fulfil those long-term investment plans.